

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED OF RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

Producers 88 (7-69) - Paid Up  
With 640 Acres Pooling Provision

TRP Form 5-04

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 31st day of August, 2009 between: **HAL FRANKLIN, LP**, a Texas Limited Partnership, as LESSOR (whether one or more), whose address is: P.O. Box 311, Tioga, Texas 76271-0311, and: **WESTSIDE ROYALTY, LP**, a Texas Limited Partnership, as LESSEE, whose address is: 62 Hope Farm Road, Missouri City, Texas, 77459, WITNESSETH:

1. Lessor, in consideration of Ten Dollars and other good and valuable consideration the Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating, for producing and owning oil, gas, sulphur and all other related minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of TARRANT, State of TEXAS, and is described as follows:

Said land is described in the Exhibit "A" attached hereto, which exhibit is incorporated herein by reference for all purposes.

~~This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain~~

~~3.744~~ acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions herof, this lease shall remain in force for a term of ~~ten (10) years twelve (12) months~~ from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one eighth~~ ~~one-fourth~~ (1/4th) part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one eighth~~ ~~one-fourth~~ (1/4th) part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one eighth~~ ~~one-fourth~~ (1/4th) of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one eighth~~ ~~one-fourth~~ (1/4th) of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of ~~one eighth~~ ~~one-fourth~~ (1/4th) of such gas and casinghead gas; (c) To pay lessor on all other minerals ~~mined and marketed~~ or utilized by lessee from said land, ~~one tenth~~ ~~one-fourth~~ (1/4th) either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the ~~Bank at~~ ~~or its successors, which shall continue as the depository regardless of changes in the ownership of shut-in royalty.~~ If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, ~~in the manner above specified~~, either jointly to such parties or separately to each in accordance with their respective ownership thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment ~~or to a depository bank provided above~~ on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, ~~excavating a mine~~, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than ~~200~~ 600 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the ~~credit estate~~ of the decedent in a depository bank provided for above until final resolution of the estate.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. ~~Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever.~~ Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on lessor's interest in said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

#### ADDITIONAL PROVISIONS

Notwithstanding anything to the contrary or inconsistent in the foregoing paragraphs of this lease, the following provisions shall govern and be controlling over all other provisions:

The term "mineral" as used in this lease means and includes only oil, gas, distillate, condensate and substances produced in association therewith from the wells covered by this lease.

This lease shall only continue in effect as to each producing well covered by this lease to a vertical depth covering all formations from the surface to the stratigraphic equivalent of one hundred (100) feet below the base of the deepest formation capable of producing oil or gas within such established drilling, spacing, proration or pooled unit.

Upon the lapse of ninety (90) days after cessation of drilling, reworking, and/or producing operations in any producing unit for a well covered by this lease, this lease shall terminate as to all rights in such unit, except when the shut-in provisions of this lease applies. As used herein, "producing unit" shall be defined as that acreage included within an individual producing unit in which lessor is receiving its proportionate share of revenue from all production (usually one well, but all if others) in said unit.

Once a well covered by this lease is completed as a gas well capable of producing gas in paying quantities, this lease shall not be maintained in force under the shut-in gas well provisions of this lease for an aggregate period of time totaling more than two (2) years.

Lessor reserves the right to approve any and all drilling, spacing, proration or pooled unit(s) that include all or a portion of the land covered by this lease, but specifically approves the **MARY BROWN** pooled unit as designated by **CHESAPEAKE OPERATING, INC.**, and its successors, subsidiaries or assigns, in its capacity as the Operator of said pooled unit.

Lessee, at its sole cost and expense, agrees to obtain and deliver to lessor, within thirty (30) days of lessee having obtained the materials listed herein, all the following items:

- (i) Prior to commencement of work on any well covered under this lease, one (1) copy of the drilling title opinion covering said land.
- (ii) Upon the commencement of work on any well covered under this lease, a weekly drilling or activity report describing the activities being conducted on such well;
- (iii) True and correct copies of all electrical logs, core sample results, formation tests, and governmental filings, for each well covered by this lease; and
- (iv) A fully recorded copy of each and every unit declaration filed in connection with any portion of the land covered by this lease.

This lease shall not be assigned by lessee in whole or in part without the express written approval of lessor, and any assignment or attempted assignment thereof, without first obtaining said approval from lessor, shall be null and void and shall operate to terminate this lease at the option of lessor. Lessor's consent to any such assignment shall not be unreasonably withheld.

Lessee acknowledges and agrees that this lease is made, executed and accepted without warranties of any kind from lessor, either express or implied.

Lessee agrees that lessor, and its representatives, shall have and be given access, at all reasonable times, to drilling locations and all other areas on the land covered by this lease, including but not limited to the derrick floor and work trailers, to inspect or observe operations on any well covered by this lease, provided that such access shall be gained at lessor's sole cost and risk, along with access at all reasonable times to information pertaining to such operations.

Lessee agrees to abide by all rules and regulations of all governing authorities regarding the use and restoration of the land covered by this lease, and lessee shall indemnify lessor for all liability, costs and expenses, including attorneys' fees, which may be incurred, assessed or reasonably required to abide by said rules in the event lessee should fail to do so.

Lessee agrees that should any well covered by this lease be or become incapable of commercial production or otherwise uneconomical, said well shall be plugged and abandoned at lessee's sole cost and expense in accordance with the rules and regulations of the governmental authorities having jurisdiction, and lessee shall indemnify lessor from all liability, costs and expenses, including attorneys' fees, associated therewith.

Within sixty (60) days of the expiration of this lease, or any portion thereof, lessee agrees to execute and record an appropriate written release and provide a copy of the recorded instrument to lessor.

The acceptance of this lease by lessee shall signify and constitute for all purposes lessee's agreement to each and all of the terms, conditions, covenants and other provisions of this lease.

IN WITNESS WHEREOF, this instrument is executed as of the date first written above.

LESSOR: HAL FRANKLIN, LP

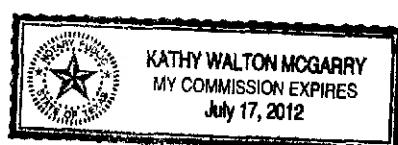
By:   
Hal Franklin, General Partner

LESSOR'S ACKNOWLEDGEMENT:

STATE OF TEXAS

COUNTY OF Grayson

This instrument was acknowledged before me this 31<sup>st</sup> day of August, 2009, by Hal Franklin, in his capacity as General Partner of Hal Franklin, LP, a Texas limited partnership, on behalf of Hal Franklin, LP.



  
Kathy Walton McGarry  
Notary Public, State of Texas

After Recording Please Return To:

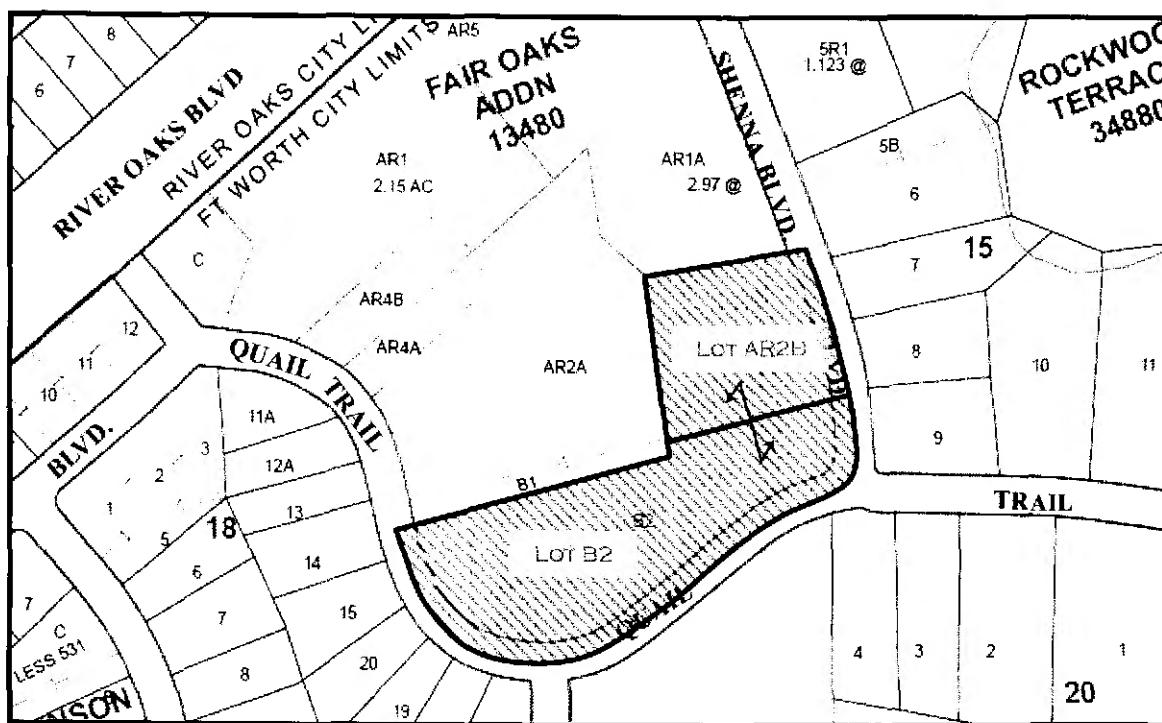
WESTSIDE Royalty, LP  
62 Hope Farm Road  
Missouri City, Texas 77459

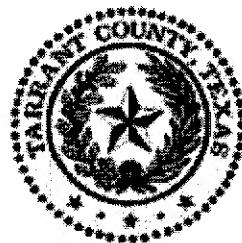
## EXHIBIT "A"

### Legal Description of the Leased Property

(Attached to and made part of that certain Oil, Gas and Mineral Lease between Hal Franklin, LP, as Lessor, and Westside Royalty, LP, as Lessee.)

3.744 acres, more or less, called Lot AR2B and Lot B2, both parcels include portions of Lot A & Lot B of the Fair Oaks Addition, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the Map or Plat thereof recorded in Volume 388-J, Page 389, Plat Records of Tarrant County, Texas, also being the same tract of land described by metes and bounds in that certain Warranty Deed dated March 11, 2008, in favor of Hal Franklin, LP, recorded as Document No. D208093896, Official Public Records of Tarrant County, Texas, and identified as 4444 Quail Trail, Fort Worth, Texas 76114, or Geo-Reference No. #13480--AR2B, by the Tarrant County Tax Appraisal District. A Tarrant County Tax Appraisal District Plat of the Leased Property is shown below.





WESTSIDE ROYALTY LP  
62 HOPE FARM RD

MISSOURI CITY TX 77459

Submitter: BANK OF TEXAS

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 09/11/2009 02:56 PM  
Instrument #: D209244282  
LSE 5 PGS \$28.00

By: \_\_\_\_\_



**D209244282**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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